



Audit report

National Food
Authority
- Regional Office VI

SOCOTEC Certification UK

Unit 6, Gordano Court, Gordano Gate Business Park

Portishead Bristol BS20 7FS

UNITED KINGDOM

Audit report

Client		Audit team	
Name of organisation: National Food Authority – Regional Office VI		Name:	Role:
Address: Quintin Salas, Jaro, Iloilo City Iloilo 5000 Philippines		Laureen Grace Calmerin Ella Ajero	Team Leader Technical Expert
Client representative (name and role):			

Audit		
Standard(s)	In case of multi standards, indicate whether the audit is:	Type of audit:
1. ISO 9001:2015 2. 3.	Combined <input type="checkbox"/> Joined <input type="checkbox"/>	<input type="checkbox"/> Initial stage 1 <input type="checkbox"/> Initial stage 2, <input type="checkbox"/> Recertification <input type="checkbox"/> Surveillance 1 <input checked="" type="checkbox"/> Surveillance 2 <input type="checkbox"/> Special audit (specify):

Audit Locations:		Audit dates:
Address: Quintin Salas, Jaro, Iloilo City Iloilo 5000 Philippines Quintin Salas, Jaro, Iloilo City Iloilo 5000 Philippines	Type of site Head Office Provincial Office	28 July 2020

Recommended scope:
 Palay Procurement, Distribution, Processing (Milling and Drying),
 Warehousing, Dispersal, Unloading and Registration and Licensing

In case of different scopes according to sites and or standards or if scope has been extended, reduced, adjusted compared to last audit, specify:

Recommendation from audit team: tick appropriate box

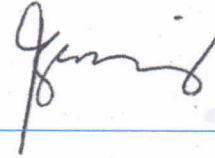
- Certification (subject to satisfactory closure of corrective actions)
- Certification suspension
- Certification withdrawal
- Recertification (subject to satisfactory closure of corrective actions)
- Certification maintenance (subject to satisfactory closure of corrective actions)

Total number of nonconformities and observations raised*:

*: matrix attached

Client signature (for acceptance of the above details only)

Lead auditor signature



1. Introduction to client / general comments:

(Any useful information to help understanding the context of the audit: economic, geographic situation for EMS audits, hazards for OHSMS, etc.)

The audit was conducted remotely via Zoom, wherein information gathering was executed via screen-sharing of documents and streaming of videos for applicable areas. In addition, some supporting documents as randomly selected during the audit were sent electronically to the audit team. RA 11203 (Rice Tariffication Law) which was issued February 2019 (after the 1st Surveillance audit) and AO 2019-03-003 Removal /Transfer of NFA's Regulatory Powers (effective March 5, 2019) was noted to have an effect in the structure of the organization as well as the applicable processes certified under their existing registered scope (further details of such are contained in the latter part of this report – see *Summary of Conformity*). Such limitations in the operations of the organization has scaled down relative sampling size as obtainable during the audit; though changes in the registered scope shall only be executed during the Recertification Audit (year 2021) as confirmed with the client since operations were still found to be partially in effect.

2. Significant changes since last audit:

Company name

Code

Top management

Main site or other site address

Staff

Policy

Scope of certification

Function process

In case one or more of the boxes is/are ticked, comment:

- Ms. Dianne Silva, Regional Manager for Region 12 appointed as Regional Manager for Region 6 (Special Order AO 2019-07-03)
- Ms. Lolita V. Paz, Acting Assistant Regional Manager for Region 8 appointed as Acting Regional Manager for Region 6 (Special Order AO 2019-07-03)

3. Deviations of audit plan and reasons:

Yes

No

If yes provide details:

none

4. Audit findings:

Summary of conformity:

Top Management/Context

- Created thru PD 1770 which reconstituted the NGA into NFA
- RA 11203 (Rice Tariffication Law) was enacted upon on February 14, 2019 which mandated NFA to maintain an optimal level of buffer stocks equivalent to 15-30 days of national rice consumption sourced from local farmers
- Vision, Mission and Quality Policy remain to be the same which is committed to comply with the Quality Management Systems and legal requirements as well as continually improve its processes.
- Total of 103 employees (35 in the regional office and 68 in the provincial office)
- Currently 8 warehouses, 2 of which are included in the certification (Jaro Triplex and Kabsaka Triplex warehouse)
- Downsizing of employees in the organization as brought about by the RA 11203; restructuring has been submitted to the GCG – restructuring plan has already been approved and employees are offered a Separation Incentive Plan (SIP) which is to be approved by the President of the Philippines
- NFA Regional Office 6 has prepared for the distribution of rice to affected areas during the lean months, and it is safe to say that the Regional Office has enough supplies of rice (approximately 800K bags of rice). Supply is also done for the other affected areas in the Visayas region despite the pandemic.
- The organization is considered as a frontliner during the pandemic. Controls are put in place regarding the pandemic to mitigate the potential effects of the virus in the office and its employees
- Sales/revenue of the organization was seen to perform well and there were no budget problems because of the pandemic
- Client satisfaction of the organization is at 90%+
- Succession planning is being done by the organization for the coming 3-5 years with consideration to the effect brought about by the restructuring due to RA 11203. There are plans to include the remaining 6 warehouses to the ISO certification as discussed
- Management review is conducted annually and was performed last 02 December 2019; an additional meeting was conducted with the ManCom on the 20th of May 2020 discussing the performance of external providers to complete the discussion inputs as warranted by the standard. Outputs of the meeting have been discussed.

Quality Assurance

Risk: Non-homogeneity of procured palay

Control: Conduct 100% inspection during procurement; conduct orientation to farmers to minimize risk and produce good palay stocks

Latest review of the identified risk was done during the 18th of October 2019; this remains to be low and acceptable risk

Sampled targets:

- 98% accuracy in the classification of procured stocks
- At least 98% of total stored stocks maintained in good and consumable condition
- 98% accuracy in classification of outgoing stocks

Criteria for checking of procured palay include the following:

Prior unloading (random sampling):

- Infestation
- Moisture content ($\leq 30\%$)
- Purity ($\geq 90\%$)

After unloading (100% sampling):

- % Discoloration and damaged kernels
- Purity
- Moisture content

Segregation, opening, re-inspection and re-bagging as well as classification is done before acceptance. WSR (Warehouse Stock Receipt) is issued.

Sampled WSRs:

- 11854202, 11854207, 11853297, 11854307, 11854328, 11854329
- 12266912, 12266913, 12266914
- 12364706, 12364713, 12364717, 12364720

Internal Audit

- Once a year internal audit has been defined by the organization
- Latest IQA was conducted 14-16 November 2019
- A total of 12 internal auditors are included in the team, competency is done thru training interventions
- Audit Itinerary was presented, objectivity and impartiality was observed

- Sample checklists: Marketing Operations Section, Security, Enforcement and Investigation, Finance and Accounting Section and Internal Audit
- Although no CARs were raised, any nonconformity is addressed thru the accomplishment of a CAR
- Lead Internal Auditor ensures that findings are thoroughly discussed among the internal audit team after the IQA activity

Security, Enforcement & Investigation

OPCR

- 90% of apprehension made and resolutions on apprehension (only covers for Jan-Feb 2019), Actual=96%

For 2020 no presented actual accomplishments since July 30, 2020 will be the define submission

Risk identified includes noncompliance of the security with the terms and reference as indicate in the contract as a control periodic evaluation is performed.

Services includes security, enforcement activities, investigation, monitoring and issuance of licenses and permits

Due to the issuance of Memorandum AO 2019-03-003 Removal /Transfer of NFA's Regulatory Powers effective March 5, 2019 Enforcement and Investigation activities were disable to which 6 process owners were affected and still waiting for the release of Final reorganizational structure.

List of Apprehended Grains Businessmen Feb 2019 with 5 in total to which 3 of 5 was resolved (1-Non renewal of NFA license, 4 Non display of license)

Sample of these were for TL /San Rafael Public Market dated Feb 18, 2019 -Nonrenewal of NFA license with Summons No. ILO-SEI-2019-B-001 (Unresolved); VD dated Feb 18, 2019 -Non display of NFA license with summons no. ILO-SEI-2019-B-005 (Unresolved); MF dated Feb 18, 2019 -Non display of NFA license with summons no. ILO-SEI-2019-B-004 (Resolved) ; ES dated Feb 18, 2019 -Non display of NFA license with summons no. ILO-SEI-2019-B-002 (Resolved)

Total Number of establishments Inspected is 375, New Applicant Inspected 34, warehouse inspected 35, commercial prices monitored by GB's is 203, Accredited retailer is 103

List of Apprehended Grains Businessmen Jan 2019 Total Apprehended is 41, 24 are resolved (10-No license, 18-Unreasonable dep. of NFA stocks, 5-Nonrenewal of NFA license, 1-Non display of NFA license)

Sample of these were for JML /Lambunao Public Market dated Jan 21, 2019 -Non-display of NFA license with Summons No. ILO-SEI-2019-A-023 (Resolved) ; AA/Jibao-an Pavia dated Jan 17, 2019 -No NFA license with Summons No. ILO-SEI-2019-A-020 (Resolved) ; AA/Ajuy Public Market dated Jan 16, 2019 -No NFA License Summons No. ILO-SEI-2019-A-017 (Unresolved)

Total Number of establishments Inspected is 198, New Applicant Inspected 0, warehouse inspected 10, commercial prices monitored by GB's is 50, Accredited retailer is 48

Security is outsourced with 120 security officers deploy for the 5 warehouses 24/7 for 3 shifts

Contract for Security Services Contract Agreement No. 004 with GDS Security Agency Inc., Valid until Dec 31, 2020 and Security Management Plan for period of Jan 1-Dec 31, 2020)

21CCTV for the region and RO is 5 units

During the actual video streaming it was seen in the guardhouse CCTV monitor 4/8 (No video)

Security Activities guided through NFA-ILO-QSP-SEI-002 Facility Inspection Procedure

Performance is evaluated yearly

Procurement/Purchasing

Annual Procurement Plan 2020 and 2019 were presented

List of Bids 2020 and 2019 were presented

Sample Transactions were seen in compliance with RA 9184

- Shopping- PO IRO-2019-L-003 Dec 19, 2019 purchase to Solid Gold Multi Resources Corp. for 1 unit of Ergonomical Office Chair with Invoice 7880 Dec 20, 2019 with Inspection and Acceptance Report/IAR No. 2019-L-004 -Inspected and Accepted Dec 20, 2019 and Fixed Asset Receiving Report No. 042211 with OR No. 0401

- Direct Contracting :Request For Quotation IRO-2020-C-004 , RBAC Resolution No R)6-2020-CARGO-014-A -March 24, 2020 Procurement under emergency cases pf cargo handling services for the transfer of 38,000 bags rice to NFA Tawi-Tawi And RBAC Resolution No R)6-2020-CARGO-015-A -March 25, 2020 Procurement under emergency cases pf cargo handling services for the transfer of 100,000 bags rice to NFA Region VII through Direct Contracting with Visayan Vets Port Services , Post Qualiification Evaluation Report March 27, 2020 with Passed Remarks, Notice of Post Qualification R06-BAC-2020-C-223A, Notice of Award dated March 27, 2020, Contract Agreement R06-2020-Contract No.011 (effective March 31, 2020), Notice to Proceed dated March 31, 2020, Acknowledged by Bidder April 1, 2020

- Competitive Bidding: R06-BAC-2020-030 Requesting Invitation to Bid- April 7, 2020

For Project Repair and Heightening of Perimeter Fence in Brgy. Quintin Salas, Jaro, Iloilo City held on April 15, 2020 with Project No.R06-2020-24

Bid Notice Abstract with Bid Ref No. 6960742 with approved Budget for contract of 2,000,190 PHP/120 days, Attendance Sheet April 15, 2020, May 11, 2020
 Notice of Resumption May 6, 2020
 Abstract of Bids as Calculated dated May 11, 2020 for 8 Bidders 7/8 are eligible
 Checklist of Eligibility- Lowest Bidder A. Maquilng Construction and Supply
 Post Qualification Evaluation Report May 12-15, 2020 with Overall Evaluation of Responsive
 Notice of Post Qualification Ref No. R06-BAC-2020-E-175 May 15, 2020
 BAC Resolution Declaring LRCB and Recommending Approval with Resolution No. R06-2020-INFR-033 May 15, 2020
 Notice of Award R06-BAC-2020-E-194 May 18, 2020, Notice to Proceed R06-2020-F-026 dated June 3, 2020 acknowledged by Contractor June 5, 2020

Sample Evaluation Form

Criteria includes Purchasing, receiving, capacity of service provider, services. Rating scale is 1(Poor), 2(Good), 3(Satisfactory), 4(Very Satisfactory), 5(Excellent)

- PPH Handling, Manpower, and General Services with total score 3.895-Satisfactory dated Jan 10, 2020 and 3.90-Satisfactory dated April 4, 2020
- Solid Gold Multi Resources Corp. With total score of 4.69(Very Satisfactory)

Documented Information

The organization has established Control of Documented Information Procedure NFA-ILO-QSP-QMS-010 Rev 1 Effective Dec 15, 2017

Document records and its preservation were seen to be effective as seen in the presented video during the screen sharing via zoom

Original Copy is stamp with Master Copy (Blue Ink), Superseded copies is stamp with Obsolete (Red Ink)

Document Review Form dated Feb 4, 2019 use to determine procedures and form need to review and shall be Approved by Provincial Manager and Regional Director

Document Change Notice is accomplished in every revision and creation of documents

Distribution /Retrieval Form is accomplished in every issuance and retrieval

Master list of Documented Information Log and External Document were use as monitoring

Compliance to NAP was established in the presented NAP form 3,4 and 5

Implementation were seen on sample Internal Quality System Procedure NFA-ILO-QSP-QMS-003 Rev 1 Effective Feb 15, 2019

With DCN 19-QMS-002, Distributed Feb 13, 2020, retrieved superseded copy dated Feb 11, 2020 Verified by Provincial

Manager and Approved by ARD and RD Dated Feb 8, 2019; NFA-ILO-QSP-QMS-001 Rev 2 Effective Feb 15, 2019

With DCN 19-QMS-001, Distributed Feb 13, 2020, retrieved superseded copy dated Feb 11, 2020 Verified by Provincial

Manager and Approved by ARD and RD Dated Feb 8, 2019

No seen documented information for the use of Logo

Positive findings:

- **Management commitment was very evident despite the potential difficulties brought about by the pandemic season.**
- **Implementation of the annual internal audit activity was found to be efficient and well-organized. Evidences noted in the sampled checklists were thorough in nature.**

Opportunities for improvement:

- The internal audit team may reconsider the use of highly itemized audit checklists, to avoid dependency on the listed questions and consider a more free-flowing nature of interview and auditing.

Reference to major and minor NC and observations being raised on attached matrix:

Number of major non conformities	0
Number of minor non conformities	0
Number of observations	4

5. Use of certification documents and marks

- Is the use of certification documents and marks correct on exhaustive supports?

Yes No If yes, specify:

Certification marks are not being used by the organization

6. Audit programme

- Are there any significant issues impacting on audit program (audit duration, auditor competency, sufficient coverage)?

Yes No If yes, specify:

n/a

7. Unresolved issues:

- Are there any unresolved issues by the end of closing meeting that would lead to appeal complaint, or other?

Yes No If yes, specify:

n/a

By signing the first page of this report, the audit manager confirms that:

- the objectives of the audit have been met and that the recommendation shown on first page of this report reflects the relevance and the ability of the management system to achieve the expected results
- the certification scope is appropriate
- this report is based on a sampling process of the information available. The CB cannot be held responsible for the possible non representativeness of the audit findings.